

**CHARTER TOWNSHIP OF RAISIN**  
**Lenawee County, Michigan**

**FINANCIAL STATEMENTS and**  
**INDEPENDENT AUDITORS' REPORT**

**Year Ended December 31, 2006**

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Raisin	County Lenawee
Fiscal Year End December 31, 2006	Opinion Date August 9, 2007	Date Audit Report Submitted to State August 20, 2007	

We affirm that:

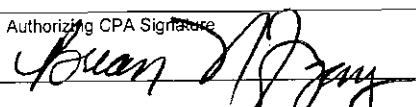
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- | YES                                 | NO                                  | Check each applicable box below. (See instructions for further detail.)   |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | 2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | 3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 4. The local unit has adopted a budget for all required funds.  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 5. A public hearing on the budget was held in accordance with State statute.  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 8. The local unit only holds deposits/investments that comply with statutory requirements.  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the <i>Bulletin for Audits of Local Units of Government in Michigan</i> , as revised (see Appendix H of Bulletin).   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover. |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | 11. The local unit is free of repeated comments from previous years.  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 12. The audit opinion is UNQUALIFIED.   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 14. The board or council approves all invoices prior to payment as required by charter or statute.  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 15. To our knowledge, bank reconciliations that were reviewed were performed timely.  |

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

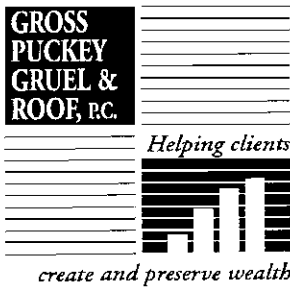
<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Gross, Puckey, Gruel & Roof, P.C.		Telephone Number 517-263-5788	
Street Address 153 E Maumee Street		City Adrian	State MI
Zip 49221			
Authorizing CPA Signature 		Printed Name Brian Nofzinger	License Number 1101022634

CHARTER TOWNSHIP OF RAISIN  
Lenawee County, Michigan

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**  
Year Ended December 31, 2006

**TABLE OF CONTENTS**

	<u>Page Number</u>
Independent Auditors' Report	1
Management Discussion and Analysis	2 - 5
Basic Financial Statements:	
Statement of Net Assets	6
Statement of Activities	7
Balance Sheet - Governmental Funds	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	9
Balance Sheet - Proprietary Fund	10
Statement of Revenues, Expenditures and Changes in Net Assets - Proprietary Fund	11
Statement of Cash Flows - Proprietary Fund	12
Statement of Assets and Liabilities - Fiduciary Fund	13
Notes to the Financial Statements	14 - 20
Required Supplemental Information:	
Budgetary Comparison Schedule - General Fund	21
Budgetary Comparison Schedule - Fire Department Fund (Major Special Revenue Fund)	22
Budgetary Comparison Schedule - Police Department Fund (Major Special Revenue Fund)	23
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government     Auditing Standards</i>	24



ADRIAN, MICHIGAN  
JACKSON, MICHIGAN

## INDEPENDENT AUDITORS' REPORT

To the Township Board  
Charter Township of Raisin  
Lenawee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Raisin, Lenawee County, Michigan, as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Raisin's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Raisin, Lenawee County, Michigan as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2007 on our consideration of Charter Township of Raisin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Raisin, Lenawee County, Michigan's basic financial statements. The combining major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Gross, Puckey, Gruel & Roof, P.C.*

Adrian, Michigan  
August 9, 2007

Charter Township of Raisin

**MANAGEMENT DISCUSSION AND ANALYSIS**

For the Fiscal Year Ended December 31, 2006

The Management's discussion and analysis, a requirement of GASB 34, is intended to be the Charter Township of Raisin Management's discussion and analysis of the financial results for the year ended December 31, 2006. As management of the Charter Township of Raisin, Lenawee County, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township.

**FINANCIAL HIGHLIGHTS**

- The assets of Raisin Township exceeded its liabilities at the close of the most recent fiscal year by \$1,346,528 (*net assets*). Of this amount \$532,457 (*unrestricted net assets*) may be used to meet the township's ongoing obligations to citizens and creditors.
- As of the close of the fiscal year, Township's governmental funds reported combined ending fund balances of \$1,346,528, an increase of \$78,990 in comparison with the prior year. Approximately 40% is available for spending at the discretion of the Township (*unreserved balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$499,936 or 61% of total general fund expenditures.
- The Township's total debt decreased by \$20,553 (15%) during the current fiscal year. Existing debt was reduced by \$128,136 while new debt was \$107,583.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to Raisin Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

**Government-wide financial statements.** *The government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets have changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include: general government, fire department, police department, and construction bond fund. The business-type activities of the Township include: building fund. The government-wide financial statements can be found on pages 6 -7 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Raisin Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Raisin Township maintains 4 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Department, Police Department, and Construction Bond Funds. The General Fund, Fire Department Fund and Police Department Fund are considered to be major funds with the Construction Bond Fund the only non-major fund. During the year, the Township eliminated the Construction Bond Fund. In addition, the Township decided to remove the police department from the safety fund and form a separate fund. Then the old safety fund was renamed Fire Department Fund.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

**Proprietary funds.** Raisin Township maintains a single proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses the enterprise fund to account for its Building services. Because this service predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Township uses fiduciary funds to account for its taxes collected for other governmental units. The basic fiduciary fund financial statements can be found on pages 13 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 - 20 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*: Budgetary Comparison Schedules for the General, Fire Department and Police Department Funds. Required supplementary information can be found on pages 21 - 23 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Raisin Township, assets exceeded liabilities by \$1,346,528 at the close of the most recent fiscal year. By far the most significant portion of the Township's net assets (60%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of *unrestricted net assets* (\$532,457) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in both categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Township's net assets increased by \$78,900 during the current fiscal year as discussed below.

**Governmental activities.** Governmental activities increased the Township's net assets by \$129,233. Key elements of this increase are as follows:

- The Township realized \$12,132 more investment income in 2006 than during 2005, mostly as a result of increased interest rates.
- The township received \$65,116 more grants in 2006 than in 2005, the majority was for a FEMA grant.
- Fire and Police call revenue increased by \$57,055 or 32% increase.
- The Township received \$70,744 more tax revenue in 2006 than in 2005 which is a 9% increase mainly due to increased development in the township resulting in increased taxable value.
- The amount spent on general governmental activities increased by \$71,657 or 29% mainly due to reclassification of some expenses.
- The amount spent on public work projects in 2006 increased by \$41,891 over 2005 as a result of increased road construction.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

**Business-type activities.** Business-type activities decreased the Township's net assets by \$50,243. Key elements of this decrease are as follows:

- There was a 50% decrease in charges for services (permits) which represented a \$61,035 decrease over 2005. In addition, the building department expenses decreased \$904 or 1%.

### **Financial Analysis of the Township's Funds**

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$567,770, a decrease of \$28,621 in comparison with the prior year. Approximately 100% of this total amount constitutes *unreserved fund balance*, which is available for spending at the Township's discretion.

The fund balance of the Township's general fund decreased by \$1,137 during the current fiscal year. Key factors were as follows:

- The Township's tax base continues to grow as new construction and subdivisions come into the area, causing tax revenues to increase; however, this growth has slowed.
- General inflation of expenses that matched revenue growth.

**Proprietary funds.** The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net deficit of the Building Fund at the end of the year amounted to \$35,313. The total decrease in net assets was \$50,243. Other factors concerning the finances of the fund have already been addressed in the discussion of the Township's business-type activities.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were \$229,964 decrease in budgeted expenditures and a \$224,824 increase in operating transfers out within the general fund; decrease of \$99,321 revenues, decrease of \$24,570 expenditures and decrease in transfers of \$374,003 within the fire department fund; and, decrease of \$210,821 of transfers within the police department fund. The highlights can be briefly summarized as follows:

- During the course of the year, the board adjusted the budgeted expenses as it became apparent that the public safety expenditures were going to exceed budgeted amounts. In addition, the board also chose to adjust the budget as it saw additional spending needs in the legislative, public safety and public works categories. These additional needs included, but were not limited to, wages and supplies.

## **Capital Asset and Debt Administration**

**Capital assets.** The Township's investment in capital assets for its governmental and business type activities as of December 31, 2006, amounts to \$1,540,718 (net of accumulated depreciation). This investment in capital assets includes: land, buildings and system, improvements, machinery and equipment, furniture and fixtures, etc. The total increase in the Township's investment in capital assets for the current fiscal year was 11% (increase for governmental activities only). The highlights are as follows: two police cruisers; major improvement to the asphalt parking lot; rescue crash truck; three trucks; semi tractor; and voting equipment.

Details of the Township's capital assets are continued in the notes to the financial statements on page 19.

**Long-term debt.** At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$715,441. Of this amount, \$370,441 comprises debt backed by the full faith and credit of the government and \$345,000 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Additional information on the Township's long-term debt can be found in the notes on pages 19 - 20.

### **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State-shared revenues are expected to remain constant with a chance of a decrease in the 2007 fiscal year. The Township budgeted for a decrease in state-shared revenue, but additional cuts have already been made and more cuts are expected before the end of the fiscal year. These factors were considered in preparing the Township's budget for the 2007 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$499,936.

The Police and Fire Department's rescue call rates actually increased by an average of 5.3% for all call types. These rate increases were necessary to finance the debt service and the ongoing rescue call system improvements.

The Fire Department employees unionized in 2006 and the financial impact will not be seen until 2007.

The Building Fund will continue to experience declined revenues due to the general economic conditions of Lenawee County and the collapse of the housing market.

### **Requests for Information**

This financial report is designed to provide a general overview of Raisin Township's finances for all those with an interest in the township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Carl F. Wagner  
Township Supervisor  
Charter Township of Raisin  
5525 Occidental Highway  
Tecumseh, Michigan 49286  
Fax: (517) 423-6732, Phone: (517) 423-3162  
Or Email – [supervisor@raisintownship.com](mailto:supervisor@raisintownship.com)



CHARTER TOWNSHIP OF RAISIN

STATEMENT OF NET ASSETS

December 31, 2006

	Primary Government		
	Governmental Activities	Proprietary Activities	Total
<b><u>ASSETS</u></b>			
<b>Current Assets</b>			
Cash and deposits	\$ 274,510	\$ 3,003	\$ 277,513
Due from other funds	980,044	-	980,044
Accounts receivable	35,655	-	35,655
<b>Total Current Assets</b>	<u>1,290,209</u>	<u>3,003</u>	<u>1,293,212</u>
<b>Non-current Assets</b>			
Capital assets	3,200,341	14,008	3,214,349
Less: accumulated depreciation	<u>(1,670,829)</u>	<u>(2,802)</u>	<u>(1,673,631)</u>
<b>Total Non-current Assets</b>	<u>1,529,512</u>	<u>11,206</u>	<u>1,540,718</u>
<b>Total assets</b>	<u>2,819,721</u>	<u>14,209</u>	<u>2,833,930</u>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities</b>			
Accounts payable	14,623	-	14,623
Due to other funds	57,167	38,316	95,483
Deferred revenue	815,804		815,804
Current portion of long term liabilities	<u>110,399</u>		<u>110,399</u>
<b>Total Current Liabilities</b>	<u>997,993</u>	<u>38,316</u>	<u>1,036,309</u>
<b>Non-current Liabilities</b>			
Non-current portion of long term liabilities	<u>605,042</u>		<u>605,042</u>
<b>Total Non-current Liabilities</b>	<u>605,042</u>	<u>-</u>	<u>605,042</u>
<b>Total liabilities</b>	<u>1,603,035</u>	<u>38,316</u>	<u>1,641,351</u>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	814,071		814,071
Unrestricted designated for capital projects	-		-
Unrestricted / undesignated	<u>567,770</u>	<u>(35,313)</u>	<u>532,457</u>
<b>Total Net Assets</b>	<u>\$ 1,381,841</u>	<u>\$ (35,313)</u>	<u>\$ 1,346,528</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN

**STATEMENT OF ACTIVITIES**

Year Ended December 31, 2006

<b>Functions/Programs</b>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Activities</u>
		<u>Services</u>	<u>Grants and</u>	<u>Net (Expense)</u>
			<u>Contributions</u>	<u>Revenue and</u>
				<u>Changes in Net</u>
				<u>Assets</u>
Governmental activities:				
Legislative	\$ 117,659	\$ -	\$ -	\$ (117,659)
General government	332,007	7,861	-	(324,146)
Public safety	835,411	194,163	80,432	(560,816)
Public works	224,355	-	-	(224,355)
Culture and recreation	53,009	-	-	(53,009)
Depreciation (unallocated)	122,907	-	-	(122,907)
Total governmental activities	<u>1,685,348</u>	<u>202,024</u>	<u>80,432</u>	<u>(1,402,892)</u>
Proprietary activities:				
Building fund	<u>110,928</u>	<u>60,685</u>	<u>-</u>	<u>(50,243)</u>
Total primary government	<u>\$ 1,796,276</u>	<u>\$ 262,709</u>	<u>\$ 80,432</u>	<u>(1,453,135)</u>
General Revenues:				
				883,714
Taxes and penalties				446,041
State revenue sharing				53,535
Interest and rentals				148,835
Other revenue				<u>1,532,125</u>
Total general revenues and transfers				
Change in Net Assets				78,990
Net assets - beginning				<u>1,267,538</u>
Net assets - ending				<u>\$ 1,346,528</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2006

	<u>Major</u>			<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Capital Improvement</u>	<u>Governmental Funds</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 184,005	\$ 77,988	\$ 12,517	\$ -	\$ 274,510
Investments	165,155	-	-	-	165,155
Accounts receivable	-	35,655	-	-	35,655
Due from other funds	<u>980,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>980,044</u>
	<u>\$ 1,329,204</u>	<u>\$ 113,643</u>	<u>\$ 12,517</u>	<u>\$ -</u>	<u>\$ 1,455,364</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 13,464	\$ 1,159	\$ -	\$ -	\$ 14,623
Deferred revenues	815,804	-	-	-	815,804
Due to other funds	-	<u>34,008</u>	<u>23,159</u>	-	<u>57,167</u>
<b>TOTAL LIABILITIES</b>	<u>829,268</u>	<u>35,167</u>	<u>23,159</u>	<u>-</u>	<u>887,594</u>
<b>FUND BALANCES:</b>					
Designated for capital projects				-	-
Unrestricted	<u>499,936</u>	<u>78,476</u>	<u>(10,642)</u>	-	<u>567,770</u>
<b>TOTAL FUND BALANCES</b>	<u>499,936</u>	<u>78,476</u>	<u>(10,642)</u>	<u>-</u>	<u>567,770</u>
	<u>\$ 1,329,204</u>	<u>\$ 113,643</u>	<u>\$ 12,517</u>	<u>\$ -</u>	<u>\$ 1,455,364</u>

Total Governmental Fund Balances \$ 567,770

Amounts reported for governmental activities in the statement of net assets are different because:

* Capital assets used in governmental activities are not financial resources and are not reported in the funds.	1,529,512
* Long-term liabilities are not due and payable in the current period and are not reported in the funds.	(715,441)
* Proprietary fund balance included in government-wide balances	<u>(35,313)</u>
Net assets of governmental activities	<u>\$ 1,346,528</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - GOVERNMENTAL FUNDS**  
Year Ended December 31, 2006

	<u>General</u>	<u>Fire</u>
REVENUES:		
Taxes and penalties	\$ 741,830	\$ 99,694
State revenue sharing	446,041	-
Charges for services	7,861	193,743
Interest and rentals	47,668	5,345
Other revenue	<u>137,195</u>	<u>2,600</u>
Total revenues	1,380,595	301,382
EXPENDITURES:		
Current		
Legislative	117,659	-
General government	321,415	-
Public safety	-	585,467
Public works	224,355	-
Culture and recreation	53,009	-
Debt service	101,039	-
Capital outlay	<u>694</u>	<u>151,790</u>
Total expenditures	<u>818,171</u>	<u>737,257</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>562,424</u>	<u>(435,875)</u>
OTHER FINANCING SOURCES (USES):		
Grant proceeds	-	80,432
Operating transfers in	6,439	345,000
Operating transfers out	<u>(570,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(563,561)</u>	<u>425,432</u>
Net change in fund balances	(1,137)	(10,443)
FUND BALANCES:		
Fund Balance - January 1, 2006	<u>501,073</u>	<u>88,919</u>
Fund Balance - December 31, 2006	<u>\$ 499,936</u>	<u>\$ 78,476</u>

Net Change in Fund Balances - Total Governmental Funds

Amounts reported for governmental activities in the statement of activities are different because:

- \* Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.
- \* Gains and losses on the disposal of fixed assets are included in the statement of activities but not as expenditures in the governmental funds.
- \* Repayments of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt.)
- \* Proprietary fund change in fund balance included in government-wide balances

Changes in net assets of governmental activities

<u>Police</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
\$ 42,190	\$ -	\$ 883,714
-	-	446,041
420	-	202,024
482	40	53,535
<u>9,040</u>	<u>-</u>	<u>148,835</u>
52,132	40	1,734,149
-	-	117,659
-	-	321,415
249,944	-	835,411
-	-	224,355
-	-	53,009
30,912	-	131,951
<u>6,918</u>	<u>-</u>	<u>159,402</u>
<u>287,774</u>	<u>-</u>	<u>1,843,202</u>
<u>(235,642)</u>	<u>40</u>	<u>(109,053)</u>
-	-	80,432
225,000	-	576,439
<u>-</u>	<u>(6,439)</u>	<u>(576,439)</u>
<u>225,000</u>	<u>(6,439)</u>	<u>80,432</u>
(10,642)	(6,399)	(28,621)
<u>-</u>	<u>6,399</u>	<u>596,391</u>
<u>\$ (10,642)</u>	<u>\$ -</u>	<u>\$ 567,770</u>
		\$ (28,621)
		25,903
		-
		131,951
		<u>(50,243)</u>
		<u>\$ 78,990</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN

**BALANCE SHEET**  
**PROPRIETARY FUND**  
December 31, 2006

	<u>Building Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 3,003
Due from other funds	<u>-</u>
	<u>\$ 3,003</u>
 <u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES:	
Accounts payable	\$ -
Due to other funds	<u>38,316</u>
TOTAL LIABILITIES	38,316
 NET ASSETS	
Unrestricted	<u>(35,313)</u>
TOTAL NET ASSETS	<u>\$ 3,003</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**

Year Ended December 31, 2006

	<u>Building Fund</u>
REVENUES:	
Charges for services	\$ 60,253
Interest and rentals	<u>432</u>
Total revenues	60,685
EXPENDITURES:	
Current	
Building department	<u>110,928</u>
Total expenditures	<u>110,928</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(50,243)
NET ASSETS:	
Net Assets - January 1, 2006	<u>14,930</u>
Net Assets - December 31, 2006	<u>\$ (35,313)</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year Ended December 31, 2006

	<u>Building Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 60,253
Cash paid to employees and suppliers	(89,112)
Cash received for interest	<u>432</u>
Net cash from operations	(28,427)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Operating transfers from other funds	<u>-</u>
Net cash from non-capital financing activities	<u>-</u>
INCREASE (DECREASE) IN CASH	(28,427)
BALANCE AT BEGINNING OF YEAR	<u>31,430</u>
BALANCE AT END OF YEAR	<u>\$ 3,003</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (50,243)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	<u>21,816</u>
Net cash provided (used) by operating activities	<u>\$ (28,427)</u>

The accompanying notes are an integral part of these financial statements.



CHARTER TOWNSHIP OF RAISIN

STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUND  
December 31, 2006

	<u>Trust and Agency</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 941,081
Taxes receivable	<u>1,903,929</u>
	<u>\$ 2,845,010</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
LIABILITIES:	
Due to other funds	\$ 884,562
Due to other governmental units	<u>1,960,448</u>
TOTAL LIABILITIES	<u>\$ 2,845,010</u>

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF RAISIN

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

### I: DESCRIPTION OF THE TOWNSHIP AND REPORTING ENTITY

Charter Township of Raisin (The Township) operates under a locally elected seven member Board form of government. The Township provides the following services: public safety (fire protection, police and ambulance service), road construction, cemetery care, public improvements, planning and zoning, construction code inspections, water and sewer, and general administrative services.

#### Reporting Entity:

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "*The Financial Reporting Entity*," these financial statements present the Charter Township of Raisin (the primary government). The criteria established by the GASB for determining the reporting entity includes fiscal dependency and whether the financial statements would be misleading if the data were not included. The Township had no component units at December 31, 2006.

### II: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic primary government financial statements of Charter Township of Raisin, Lenawee County, Michigan (the Township) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Township's accounting policies are described below.

#### **A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **B. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

II: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Measurement focus, basis of accounting, and financial statement presentation(Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue sharing, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *public safety fund* is used to account for the revenues and expenditures related to fire and police protection.

The Township reports the following major proprietary fund:

The *building department fund* is used to account for the building department's revenues and expenditures.

Additionally, the Township reports the following fund type:

The Fiduciary Funds – Trust and Agency Funds (*Tax Collection Fund*) account for assets held by the Township as an agent for other governments. Agency funds are reported as fiduciary funds and are not included in the government-wide Statement of Net Assets and Statement of Activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

II: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Measurement focus, basis of accounting, and financial statement presentation(Continued)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Township enterprise fund are charges to customers for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Assets, liabilities, and net assets or equity**

1. Deposits and investments

The Township's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments include money market and certificate of deposits where the intent is to hold funds long-term, as well as investments with maturity dates over three months of the date acquired by the government.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". All trade and property tax receivables are shown net of an allowance for uncollectibles.

The Township levies property taxes on December 1 each year, and the taxes are payable without penalty through February 28. These taxes become liens on the property at the levy date. However, the revenues generated by the tax levy cannot be appropriated until the budget year following the levy date. The asset created by the levy on December 1 is recorded in the appropriate fund as current taxes receivable. In addition, a deferred revenue offset account is recorded on the fund financial statement recognizing the asset as unavailable for current appropriation.

The 2005 taxable valuation of the Township totaled \$244 million, on which taxes levied consisted of 3.000 mills for operating purposes, and 0.4549 mills for public safety. This resulted in \$695,351 for operating and \$105,438 for public safety. These amounts are recognized in the respective General and Special Revenue (Public Safety) Fund financial statements as tax revenue.

The 2006 taxable valuation of the Township totaled \$260 million, on which taxes levied consisted of 3.000 mills for operating purposes, and 0.4549 mills for public safety. This resulted in \$743,042 for operating and \$112,667 for public safety. These amounts are recognized in the respective fund financial statements as deferred revenue.

3. Capital assets

Capital assets, which include property and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

## CHARTER TOWNSHIP OF RAISIN

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

#### II: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### C. Assets, liabilities, and net assets or equity(Continued)

###### 3. Capital assets

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25 – 50
Furniture and equipment	5 – 15
Vehicles and buses	7

###### 4. Long-term liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

###### 5. Fund equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

##### D. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

#### III: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

##### A. Budgetary Information

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Township Board prepares a preliminary operating budget covering the General, Special Revenue, and the Proprietary Funds in accordance with accounting principles generally accepted in the United States of America for presentation at a public hearing.
2. A public hearing is held in conjunction with a regular board meeting.
3. The Township Board adopts the budget on the departmental level at a regular meeting.
4. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances at December 31, 2006, has not been calculated.
5. Presented budgeted amounts are as originally adopted and as amended by the Township Board.

# CHARTER TOWNSHIP OF RAISIN

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

### III: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

#### B. Budgetary Information

The Township did not adopt a budget for Capital Improvement Fund (non-major fund).

#### C. Excess of Expenditures Over Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. In the general-purpose financial statements, the Township's actual expenditures and budgetary expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for those budgetary funds were adopted to the functional level. During the year ended December 31, 2006 the Township incurred expenditures in certain budgetary funds which were in excess of the amount appropriated. Expenditures in the General Fund for general government, public works, debt retirement and capital outlay exceeded the approved budget by \$21,310, \$7,181, \$101,039 and \$694, respectively. Expenditures in the Fire Department Fund for capital outlay exceeded the approved budget by \$86,876. Expenditures in the Police Fund for public safety and capital outlay exceeded the approved budget by \$30,951 and \$4,418, respectively.

#### D. Fund Deficits

The Township split off the police department from the Public Safety Fund and established a Police Department Fund. In addition, they renamed the Public Safety Fund to the Fire Department Fund. The township experienced excess expenditures over revenues for the year in the Police Department Fund, which resulted in a deficit fund balance. In addition, the Building Fund experienced dramatic decrease in permits, which resulted in a fund deficit at year end. The Township will make an operating transfer from the General Fund to both funds in the subsequent year to cover the fund deficit.

### IV: DETAILED NOTES ON ALL FUNDS

#### A. Cash and investments

Township policy limits the Treasurer's investing options to financial institutions with branches located in the local area. All accounts are in the name of the Township and a specific fund. They are recorded at cost and interest is recorded when the deposits mature or accrue.

Statutes authorize the Township to invest in obligations of the U.S. Treasury and U.S. agencies or instrumentalities, U.S. government or federal agency obligation repurchase agreements, obligations of the State, Certificates of Deposit, Commercial paper rated prime, Bankers' acceptances, and Mutual funds and Investment pools composed instruments that are legal for direct investment by a local unit of government in Michigan.

As of December 31, 2006 the Township of Raisin had the following amounts deposited:

	Maturity Date	Interest Rate	Amount
<u>General Fund:</u>			
Cash on hand – Petty Cash	N/A	N/A	\$ 564
United Bank and Trust			
General checking	N/A	3.57%	1,383
Moneymaster	N/A	3.56%	81,976
Fire Insurance Escrow	N/A	0.40%	211
Park Sinking Fund	N/A	3.57%	27,673
Capital Improvements Roads	N/A	3.20%	72,195
			<hr/> 184,002
Investments - MBIA Class	N/A	5.11%	165,155
			<hr/> \$ 349,157

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

IV: DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and investments

Fire Department Fund:

United Bank and Trust

Fire Checking	N/A	3.58%	\$	14,994
Fire MoneyMaster	N/A	3.56%		10,619
Safety Fund	N/A	3.56%		52,375
			\$	<u>77,988</u>

Police Department Fund:

United Bank and Trust

Checking	N/A	3.57%	\$	<u>12,517</u>
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Proprietary Fund:

United Bank and Trust

Checking	N/A	3.56%	\$	<u>3,003</u>
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Fiduciary Fund:

United Bank and Trust

Winter MoneyMarket	N/A	3.58%	\$	879,386
Winter Checking	N/A	3.70%		79
Summer MoneyMarket	N/A	3.56%		58,690
Summer Checking	N/A	3.58%		2,472
			\$	<u>940,627</u>

Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned to the Township. The township does not have a policy for custodial credit risk. At year end, the following represents the custodial credit risk of the Township:

	Carrying amount	Bank Balance
Insured Amount	\$ 200,000	\$ 200,000
Uninsured - uncollateralized	1,182,728	1,969,943
	<u>\$ 1,382,728</u>	<u>\$ 2,169,943</u>

B. Capital assets

Capital asset activity for the fiscal year ended December 31, 2006 was as follows:

	December 31, 2005	Additions	Disposals	December 31, 2006
<u>Cost</u>				
Land and buildings	\$ 1,476,345	\$ 35,827	\$ -	\$ 1,512,172
Fire / ambulance equipment	1,311,979	104,983	-	1,416,962
Police equipment	58,218	104,089	-	162,307
Voting equipment	7,412	12,509	(7,412)	12,509
Township furniture / fixtures	84,894	-	-	84,894
Township equipment	11,498	14,007	-	25,505
Totals at historical cost	<u>2,950,346</u>	<u>271,415</u>	<u>(7,412)</u>	<u>3,214,349</u>
<u>Accumulated depreciation</u>				
Land and buildings	(360,462)	(43,489)	-	(403,951)
Fire / ambulance equipment	(1,084,197)	(48,551)	-	(1,132,748)
Police	(17,465)	(21,531)	-	(38,996)
Voting equipment	(7,412)	(2,502)	7,412	(2,502)
Township furniture / fixtures	(77,101)	(4,033)	-	(81,134)
Township equipment	(11,498)	(2,802)	-	(14,300)
Total accumulated depreciation	<u>(1,558,135)</u>	<u>(122,908)</u>	<u>7,412</u>	<u>(1,673,631)</u>
CAPITAL ASSETS - NET	<u>\$ 1,392,211</u>	<u>\$ 148,507</u>	<u>\$ -</u>	<u>\$ 1,540,718</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated."

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2006

III: DETAILED NOTES ON ALL FUNDS (Continued)

C. Long-term liabilities

a. Debt service requirements at December 31, 2006 were as follows:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2007	\$ 110,399	\$ 28,628	\$ 139,027
2008	113,852	24,860	138,712
2009	101,733	20,897	122,630
2010	40,217	17,546	57,763
2011	41,465	15,622	57,087
2012-2016	127,775	53,125	180,900
2017-2021	125,000	26,438	151,438
2022-2023	55,000	2,588	57,588
TOTAL	\$ 715,441	\$ 189,704	\$ 905,145

b. Changes in long-term liabilities:

	Balance January 1	Additions	Deductions	Balance December 31	Current Portion
<u>Governmental:</u>					
Notes payable – land	\$ 140,000	\$ -	\$ (35,000)	\$ 105,000	\$ 35,000
Lease payable – 2002 Tanker Truck	168,979	-	(20,785)	148,194	21,814
Note payable – 2006 Police cruisers	-	53,000	(14,643)	38,357	11,920
Lease payable – 2006 F-350 pickup	-	54,583	(14,911)	39,672	12,431
Lease payable – 2003 Ford Crown Victoria	14,980	-	(14,980)	-	-
Note payable – 2003 Ambulance	57,035	-	(17,817)	39,218	19,234
Note payable – Capital Bond Fund	355,000	-	(10,000)	345,000	10,000
TOTAL	\$ 735,994	\$ 107,583	\$ (128,136)	\$ 715,441	\$ 110,399

The interest expenditures on long-term obligations for the year were \$31,183.

IV: OTHER INFORMATION

A. Post employment benefits

The Township provides no post employment benefits to retirees.

B. Risk management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (worker's compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past four fiscal years.



CHARTER TOWNSHIP OF RAISIN

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Year Ended December 31, 2006

	General Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over(Under)</u>
REVENUES:				
Taxes and penalties	\$ 749,598	\$ 743,098	\$ 741,830	\$ (1,268)
State revenue sharing	454,940	454,940	446,041	(8,899)
Charges for services	8,300	8,300	7,861	(439)
Interest and rentals	32,675	32,675	47,668	14,993
Other revenue	<u>127,275</u>	<u>127,275</u>	<u>137,195</u>	<u>9,920</u>
Total revenues	1,372,788	1,366,288	1,380,595	14,307
EXPENDITURES:				
Current				
Legislative	586,727	302,913	117,659	(185,254)
General government	241,115	300,105	321,415	21,310
Public safety	-	-	-	-
Public works	217,174	217,174	224,355	7,181
Culture and recreation	67,342	63,202	53,009	(10,193)
Debt retirement	-	-	101,039	101,039
Capital outlay	<u>1,000</u>	<u>-</u>	<u>694</u>	<u>694</u>
Total expenditures	<u>1,113,358</u>	<u>883,394</u>	<u>818,171</u>	<u>(65,223)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>259,430</u>	<u>482,894</u>	<u>562,424</u>	<u>79,530</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in			6,439	6,439
Operating transfers out	<u>(459,694)</u>	<u>(684,518)</u>	<u>(570,000)</u>	<u>114,518</u>
Total other financing sources (uses)	<u>(459,694)</u>	<u>(684,518)</u>	<u>(563,561)</u>	<u>120,957</u>
Net change in fund balances	<u>\$ (200,264)</u>	<u>\$ (201,624)</u>	<u>(1,137)</u>	<u>\$ 200,487</u>
FUND BALANCES:				
Fund Balance - January 1, 2006			<u>501,073</u>	
Fund Balance - December 31, 2006			<u>\$ 499,936</u>	

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN

**BUDGETARY COMPARISON SCHEDULE**  
**MAJOR SPECIAL REVENUE FUNDS**  
Year Ended December 31, 2006

	Fire Department Fund			
	Original Budget	Final Budget	Actual	Variance Over(Under)
REVENUES:				
Taxes and penalties	\$ 99,321		\$ 99,694	\$ 99,694
Charges for services	209,831	209,831	193,743	(16,088)
Interest and rentals	700	700	5,345	4,645
Other revenue	4,387	4,387	2,600	(1,787)
Total revenues	314,239	214,918	301,382	86,464
EXPENDITURES:				
Public safety	746,290	677,570	585,467	(92,103)
Debt service	1,250	1,250	-	(1,250)
Capital outlay	20,764	64,914	151,790	86,876
Total expenditures	768,304	743,734	737,257	(6,477)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(454,065)	(528,816)	(435,875)	92,941
OTHER FINANCING SOURCES (USES):				
Grant proceeds	-	29,535	80,432	50,897
Operating transfers in	374,003	-	345,000	345,000
Operating transfers out	-	-	-	-
Total other financing sources (uses)	374,003	29,535	425,432	395,897
Net change in fund balances	\$ (80,062)	\$ (499,281)	(10,443)	\$ 488,838
FUND BALANCES:				
Fund Balance - January 1, 2006			88,919	
Fund Balance - December 31, 2006			\$ 78,476	

The accompanying notes are an integral part of these financial statements.

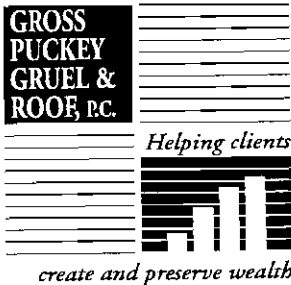
CHARTER TOWNSHIP OF RAISIN

**BUDGETARY COMPARISON SCHEDULE  
MAJOR SPECIAL REVENUE FUNDS**

Year Ended December 31, 2006

	Police Department Fund			
	Original Budget	Final Budget	Actual	Variance Over(Under)
REVENUES:				
Taxes and penalties	\$ 36,008	\$ 36,008	\$ 42,190	\$ 6,182
Charges for services	240	240	420	180
Interest and rentals	300	300	482	182
Other revenue	<u>2,820</u>	<u>2,820</u>	<u>9,040</u>	<u>6,220</u>
Total revenues	39,368	39,368	52,132	12,764
EXPENDITURES:				
Public safety	218,993	218,993	249,944	30,951
Debt service	48,225	48,225	30,912	(17,313)
Capital outlay	<u>2,500</u>	<u>2,500</u>	<u>6,918</u>	<u>4,418</u>
Total expenditures	<u>269,718</u>	<u>269,718</u>	<u>287,774</u>	<u>18,056</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(230,350)</u>	<u>(230,350)</u>	<u>(235,642)</u>	<u>(5,292)</u>
OTHER FINANCING SOURCES (USES):				
Grant proceeds	-	-	-	-
Operating transfers in	210,821	-	225,000	225,000
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>210,821</u>	<u>-</u>	<u>225,000</u>	<u>225,000</u>
Net change in fund balances	<u>\$ (19,529)</u>	<u>\$ (230,350)</u>	<u>(10,642)</u>	<u>\$ 219,708</u>
FUND BALANCES:				
Fund Balance - January 1, 2006			-	
Fund Balance - December 31, 2006			<u>\$ (10,642)</u>	

The accompanying notes are an integral part of these financial statements.



ADRIAN, MICHIGAN  
JACKSON, MICHIGAN

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Charter Township of Raisin  
Lenawee County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Raisin, Lenawee County Michigan, as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 9, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Charter Township of Raisin's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charter Township of Raisin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Gross Puckey Gruel & Roef, P.C.*

Adrian, Michigan  
August 9, 2007